reasury Department; and the enactment of a law look-The results which have followed these measures are be-eved to have already fully vindicated both their wisdom to have already fully vindicated both their wisdom The results which have followed these measures are believed to have already fully vindicated both their wisdom and necessity. At the same time, the Commissioner is bidliged to report that the evidence presented to him inflicates that smuggling, under the inducements offered by the existing high rates of duty, is largely on the ingrease; and in the place of heirg, as herer-force, irregular, is rapidly becoming systematized. In proof of this, it may be stated that offers are now made in Europe and Havana to deliver foreign geads of certain descriptions in New-York City, free of duty, for a premium of 20 per cent on their favoiced value. No describing a part of this service, has indicated for it a high degree of efficiency and discipline. But this efficiency is seriously threatened for the future, through the circumstance that the rates of compensation paid to the efficiency is seriously threatened for the future, through the circumstance that the rates of compensation paid to the efficiency is seriously threatened for the future, through the circumstance that the rates of compensation paid to the efficiency is seriously threatened for the future, through the circumstance that the rates of compensation paid to the efficiency is seriously threatened for the future, and less than the usual pay for competent shipmasters, mates, and engineers in the merchant service. The duties at present required of the revenue officers referred to are often extremely arduous, involving at times much boat work and frequent night exposure; while the necessary expenditures of this peculiar service are undoubtedly greater than those attendant appeal longthened voyages. The Commissioner would, therefore, suggest that the rates of compensation in the Revision of the peculiar service are undoubtedly greater than those attendant appeal longthened voyages. The Commissioner would, therefore, suggest that the rates of compensation in the peculiar parts and provisions; inasmuch as the revenue derived from the tarriff, since its revision in 1864

om 1859 to 1866, inc. Piscal years.	histve, is presented	Duties received.
Planal years.	#099 705 130	\$49,565,824
1859	\$0.00,100,100	53,187,512
1860,	362,163,741	
1861	350,775,635	39,582,186
1862	205,819,823	49,056,398
	252,187,587	69,059,612
1863		102,316,153
1864	328,514,659	
1865	234,434,167	
-	437,638,966	179,046,630
The speeding in favo	or of any change in	the existing to
THE P. OFFICE CALL STY THE A.	The state of the s	non-distant und

The reasons in favor of any change in the existing tariff rates must, therefore, be sought in the condition and necessities of the various industrial interests of the country; especially those which are brought into competition with similar producing laterests of other countries, with which imilar producing laterests of other countries, with which the United States is engaged in trade and commerce. This being admitted, a determination of the exact nature of these conditions and necessities obviously becomes the lirst point of inquiry.

A further reason for the revision of the tariff, but one connected wholly with its administration, and not bearing directly upon the the revenue or industry of the country, is to be found in the fact that the existing schedule of the rates of duty is exceedingly compleated and difficult of comprehension, owing to the numerous amendments and additions to the law that have been made by various adots of Congress. It is the opinion of these most conversant with the practical working of our customs revenue laws, that no tariff act of recent years owing to a lack of harmony or conflicting language with previous emactments, has been fully carried out according to the intent of the Congress which originated and passed it.

INDUSTRIAL CONDITION OF THE COUNTRY.

A comewhat extensive examination and inquiry into the industrial condition of the country, authorizes the Combissioner to report:

First: Great activity—industrial or speculative—during the past year, in hearly every every section of the country, with a consequent extension of business.

the past year, in nearly every every section of the country, with a consequent extension of business.

The evidence in part of this is to be found in the follow-

Ingresults:

1st. A large increase in the amount of coal mined and transported to market, exceeding the production of any former year. ** a large increase in the production and exportation of crude and refined petroleum (the quantity shipped from the Atlantic ports for the first eleven months of 1866 being 60,344,979 gallous against 23,888,258 for the corresponding period of 1869; a large increase in the demand for and in the production and importation of lumber; an increase in the number of manufacturing establishments, bepecially of cotton, both in the North and in the Bouth, and a full employment of all iron blast furnaces, if not an increase in their number; an increase in their number; an increase in the production of gold and silver in the Pacific States and Territories; a semilined demand and full employment of all kinds of skilled labor; and a partial resuscitation of Southern industry and production, especially as regards sugar.

26. A progress in the invention of machinery for sonomizing labor or perfecting products and processes, antirely without precedent in any former experience.

This statement, apart from direct testimony taken by the Commissioner on this subject, finds full confirmation and illustration in the following returns from the United States Patent Office, of the number of patents issued for inventions from 1857 to 1866, inclusive: Ing results:

1st. A large increase in the amount of coal mined and

Inv	rentions fr	om 1857 to	1866, 11	iclusive:		
Yes	rs.	Number of Pa	tents Y	CATS.	Number of	Patents.
E 0.0	*		9.010 1	802		3,521
8.00		**********	A - 7 () Y	CV10		9/7/60
1.85	B	**********	3,110 1	1900		
185	9		4,538 1	864		4.63
180	0		4,819 1	B65		6,226
186	1		3,340 1	866, to D	ecember 4	0,100
3	d. A conti	nued and i	nereas	ing infin	x of foreign	a immi
	the one office	much direct	w flan z	may 1956	having been	n proba
- grv	rrion-rue	number 10	th press ?	GIFF YOOG	maxima over	T. I had a
bly	in excess	of any year	ar subs	sequent t	o 1857, as is	exhibit
		owing tabl				
011	til the ron	No. of Lance	innunta .	Yaver	No. of In	omiorant
- 3	ears.	No of thin	IETATIO.	E-CHIPM-	4750 00 48	100 911
1	858		3,126	2000		Astro-OAR
1	950		1.282	1864		221,035

Assuming the present average annual immigration to be 225,000, and \$50 in gold as the average amount brought in by each person (an estimate based on former statistics); and \$600 as the average value to the country of each individual, as a producer, we have thus as a positive addition to the wealth and producing capacity of the country of over \$130,500,000 per annum.

4th. A spirit of enterprise which seems to redouble its energy with every additional burden which is placed upon it.

ADVANCE IN PRICES.

ADVANCE IN PRICES.

A somewhat extended investigation respecting the advance in the prices of the leading articles of consumption and of rents, indicate an increase of nearly 90 per cent in the year 1886, as compared with the mean of prices during the four years from 1890 to 1802. The advance in breatsuffs is estimated at about 70 per cent; coal (anthracite), from 60 to 70 per cent; salt fish, from 70 to 75; provisionspork and beef, from 110 to 120; soap from 80 to 90; brown sugars, from 70 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee, from 30 to 40; and teas, from 20 to 80; coffee from 30 to 40; and teas, from 20 to 80; coffee from 30 to 40; and teas, from 20 to 80; coffee from 30 to 40; and teas, from 20 to 80; coffee from 30 to 40; and teas, from 30 to 40; and teas, from 20 to 80; coffee from 30 to 40; and teas, from 30 to 40; and 40 to 40; and 40

sugars, from 70 to 80; coffee, from 30 to 40; and teas, from 3240 to 130 per cent.

As regards textile fabrics, the currency prices of Domestic Cottons in October, 1860, show a nominal advance, over the gold prices of such fabrics in July, 1800, of 172 per cent; the advance in the gold prices for the same period—the premium on gold for the month of October, 1860, being usaged as 30 per cent—having been 81 per cent.

O'course a very large portion of the advance noted soust be attributed to the high price of raw cofton, which has varied from 300 to 500 per cent above the price in 1860.

A caseful examination of the books of one of the largest cotton manufacturing companies of New-England, made up in detail and with great care and accuracy, shows that the cost of manufacturing cotton goods in their mills in the year 1860, ever the average of the years from 1837 to 1861, was 1834 per cent.

On manufactures of woolens, suited for ordinary domestic use, the advance is estimated at 53 per cent.

The increase in the price of blankets kept pace with that of other heavy woolen goods, but has now (December, 1866) fallen to less than 50 per cent in excess of the prices of 1860-61, or to about the prices existing in those years, computed in gold.

Ordinary ingrain carpets have increased about 75 per cent; three-plys of Lowell Company, and other best qualities, 53 per cent; while the advance on lew-priced Brussels and tapestry carpets has been from 50 to 100 per cent.

The advance in the price of ready-made clothing has been as follows:

An invoice costing, in 1890 and 1861, \$100, was \$115 in 1862, \$140 in 1863, \$180 in 1863, \$180 in 1864, \$170 in 1865, and \$120 in 1866—showing an advanced, since 1869, at still higher ratio.

In respect to the advance in the prices of labor, no very exact and comprehensive statement can at this time be tande, owing to the varying nature of the conditions which enter into and affect the estimate; but, so far as investigations of the commissioner have extended, they lead to the cenclusion, tha

amination or inquiry at some of the principal seat	s of the
	in Wages
	0 to 1386.
Agricultural implements	er cent.
Middle and Western States, average 50	11.
Peak hinding 374 to 59	180
Bookbinding	44
Women's and children's, 25 to 33	44
First-class custom work nearly 100	46
Car building-Skilled mechanics 60	
to 75 per cent	
50 per cent	
China decorating 60	44
Clothing—Ready-made 50	46
Custom work 95	44
Copper mining 100	**
Cotton manufactures-General average	146
of all branches	
Furniture-Cabinet 85	
Hardware-Files 43}	**
Locks 665	44
8aws	44
Hats, wool and fur 50	41.
India-rubber manufactures 80	44
Ink, printing 75	146
Iron-Foundery	**
Rolling	44
Wire	44
Jute manufactures 89	**
Locomotives and machinery in Paterson,	
N. J., averago 93	
Machinery, cotton and woolen, average. 60	
Machinery, general, average	- 44
Machinists' (ools	**
Paper-hangings-Machine tenders and	- 64
block cutters 50	
Hand printers 72	"
Laborers 63	**

Laborers	63
Printing—Composition	45 to 50
Baddlery and harness	62‡
Bhipbuilding	71
Blik krammings, &c	nearly 100
Bterotyping	50
Umbrellas and parasols	47‡ to 50
Woolen goods—Miscellaneous	67
Carpetings	86

The effect of the great increase and disturbance of prices thus noted has been as follows:

Pirst: A decrease of production and consumption, and a partial suspension of national development—a result fully in accordance with a well-recognized law of political economy respecting prices.

This assortion hads a most striking confirmation in the following exhibit of the results of industrial production in the State of Massachusetts, as obtained by comparing the results of the State census of the years ending May 31, 1235 and 1865, respectively—the articles of cotton goods, galloo, woolens, paper, rolled and slit iron and nails, cloth-The lacresse in the production of authracite coul to November 1,

ing, leather, boots and shoes, fisheries (mackerel and cod), being selected as fairly representing the entire manufacturing industry of the State.

From this comparison, it appears that there was a smaller number of hands employed in these industries, in 1865, than at a period ten years carlier (1855); the nominal decrease being avout eleres per cent. That a part of this decrease should be rejected to a more extensive use of inhor-saving mechanicy is altogether probable; but it would also, we think, have been reasonable to expect that such a decrease would have been entirely compensated for by an ingrease of consumption.

onts Other Selected Manufactures.—An examination of the re-Other Selected Manufactures.—An examination of the returns relative to the other industries specified, shows that, as regards the number of hands employed, there was an increase in the industries of woolens, paper, rolled and slit iron and naits, clothing, leather and fisheries; and a decrease in the manufactures of calleo, and boots and shoes, as well as in the cotton goods before specified.

As regards the aggregate value of the products of the same industries, there was an increase (gold estimate) in the calleo, woolens, paper, and fisheries, and a decrease in rolled and slit iron and nails, clothing, leather, and boots and slowed shoes.

in rolled and slit iron and nails, clothing, leather, and boots and sloes.

With the exception of woolens, however, the increase in the value of the articles specified, was in a far less ratio than the increase which is shown by the United States census to have occurred between 1850 and 1860.

Assuraing that the capital employed in these institutions was all invested prior to any increase in the value of gold, as compared with currency (that is, prior to January, 1862)—the ratio to the increase of capital from 1854-5 to 1864-5 would appear to be but about one-fifth of the ratio of increase, of the real and personal value of property in the entire country, indicated by the United States census as having obtained from 1850 to 1860. As the above assumption, relative to the average date of investment, however, is more favorable than the facts warrant, the relative rate of increase was probably really less than that indicated.

It should also be borne in mind, in this connection, that

above assumption, relative to the average date of investment, however, is more favorable than the facts warrant, the relative rate of increase was probably really less than that indicated.

It should also be borne in mind, in this connection, that a cessation of progress in the United State, in view of the rapid developments of former years, cannot be regarded as other than retrogression.

Such, however, is the inherent flexibility and visality of American industry, and the resources of the country, that the experience of other countries affords but few criteria by which results in our own can be estimated. This is strikingly illustrated in the case of one particular article—lumber—which, before the expiration of the Reciprocity treaty in March, 1886, was imported into the Umted States from Canada free of duty. By the repeal of this treaty, Canadian lumber became subjected to an impost duty of 20 per cent; the effect of which, added to prices already umprecedentedly high, would, according to all accepted politico-conomic theories, have been largely to diminish both foreign importations and domestic consumption. On the contrary, the statistics of the past season show that the demand for, and the importation of Canadian pine imber into the United States, has greatly increased, while the prices, notwithstanding an increased production, have been fully maintained and advanced.

The lesson of this showing is, that the enterprise and sugarity of the American people have managed to find a profitable employment for a vast amount of lumber, notwithstanding its continued abnormal and extravagant prices; but at the same time we are also compelled to make the statement, which to any observer needs no proof, that, in consequence of the high prices of lumber, there has been a very great diminution in the construction of houses, factories, and ships—thus directly entailing an increase of rents, manufactured products and freights; and indirectly swelling the volume of prices of all labor and commodities.

Another result arisin

deles, during the fiscal year sponding years 1800, 1861, 19	7ear 1960.	Year 1961.	Year 1063.
Articles.	Value.	Value.	Value.
Apples, green and dried	€ :200,055	€200,303	#364,H25
Ashes, pot and pearl. Boer, ale, porter and cider, in casks	822,820	651,547	101,507
Beer, ale, porter and cater, in cases Beer, ale, porter and cater, in bot-	******		2000
ties	22,202	13,604	27,669
Boot and shoes	2777000	******	1,329,000
Butter	1,144,321	2,353,965	400,000
Cables, cordsge and twines Copper and brass, manufactures	240 372	255,274	
of, not specified	1,664,122	2,375,029	1,026,038
dred	3,356,449	2,215,632	600,558
Cotton manufactures, miscellans's	5,7542,753	4,364,379	1,951,576
Hats, of wool, fur, or silk	110,779	106,512	21,340
Hata, of paim leaf, straw, &c	192,002	50,444	287,847
Hemp	******	A 400 452	1,733,365
Hope	50,446	2,006,003 6,241	22,634
Lead and lead pipe	674,309	\$55,072	£34,874
Soap	414,504	489107	735,384
Tobacco, manufactured	3,772,074	2,742,828	3,384,544
Wheat flour	*****	24,645,849	28,3(6,009
Wood manufactures, not specified.	2,703,005	2,344,679	2,549,056
	Year 1864.	Year 1565.	Year 1066.
Articles.	Value.	Value.	Value.
Apples, green and dried	#.733,19I	\$578,807	#197,198
Ashes, pot and pearl	466,626	727,229	290,130 61,200
Beer ale porter and elder in casks. Beer, ale, porter and elder, in bot.	101,744	141,045	
ties	25,//73	21,006	4,345
Boots and shoes	1,415,775	2,020,210	500,382
Butter	6,140,031	7,234,173	1,28.7,851
Cables, cordage and twines	\$50,497	972,348	173,052
fine and adamentine	1,027,971	1,751,793	614,842
Clocks	428,217	905,541	344,168
Copper and brass, manufactures	43,229	499,647	30,000
of not specified	200,043	200,000	110,208
Cotton manufactures, printed and			26.712
dyed	945,664	2.538,076	95,742 97,427
Hats, of wood for or sik	\$1,019	190,193	74,730
Hats, of wool, fur, or silk Hats, of palm leaf, straw, &c	96,391	253,025	42,741
Hemp	246.257	259,399	27,161
Hope	1,227,075	1,545,263	109,732
Lead and lead pipe	18,718	129,201	2,323
Leather	290,657	517,717	129,700
Coai	670,444	821,058	456,955
Soap	790,873	903,477	662,291
Tohacco, manufactured	3,600,756	3,423,979	1,794,699
Wheat flour	25,5404,249	27,222,631 856,236	10,396,6%
Wood manufactures, not specified. The foreign commerce of	the Unite		being, as

Tobacca, manufactureal.

25,002,49 2,22,031 1,70,000 Whest four.

25,002,49 2,22,031 1,70,000 Too,000 The foreign commerce of the United States is being, as it were, swept from the ocean, and it is reported to the Commissioner, by experienced ship-owners of New York, that no voyage with an American ressel can be planned at the present time, from the United States to any foreign port, with a reasonable expectation of profit.

A reference to the official returns shows the amount of American registered tumance engaged in foreign trade, in 1965-65, to have been 1,822,24 time, as compared with 2,546,237 times in 1859-60; which, allowing for the difference between the old and new measurements, indicates a decrease in five years of over 50 per cent. In 1853 the tumance of the United States was about 13 per cent in excess of that of Great Britain, while at the present time it is estimated at 35 per cent less.

An examination of the official returns of the coastwise and inland commerce, allowance being made for the difference of measurement, also shows a decrease in this branch of about 12 per cent. It should, however, be stated, that a part of this reduction is probably due to the substitution of steamers for salling vessels.

Out of 191 American vessels engaged in the Brazitian or South American trade in 1861-62, but 30 are reported as remaining; while the number of foreign vessels engaged in the same trade has, during the same time, increased nearly threefold. The immediate cause of this change was undoubtedly the ravages and frequent presence upon this part of the ocean of the Alabama and other Confederate privateers, but the desiruction of property due to this cause would ere this have been repaired had the ordinary conditions of trade existed and the cost of constructing vessels continued unenhanced. Instead, however, of building ships, as formerly, for all nations, this particular branch of business has, to a great extent, been transferred from the Atlantic coast of the United States to the British Provinces; and

tions, into those printed and published in the United States, and those published here, but manufactured abroad.

Previous to 1800, about one-half of the product of the copper mines of Lake Superior was exported to France and Germany; now the proprietors of these mines represent that their whole investments are threatened with destruction, through failure to secure even the home market.

Another effect of the abnormal advance in the prices of laber and commodities noted, is the retardation of the extension of manufacturing industry. Mills built at the present time, it an advance of from 70 to 100 per cent on the cost of buildings and machinery, over the cost of similar establishments built prior to 1820, must obviously work at a great disadvantage where their products compete for a malket with the products of those of equal productive capacity, operated on a basis of 50 per cent less of invested capital; and again, eved when adventitious circumstances affecting demand and supply, may seem to warrant a remunerative profit on the present expenditure, capitalists naturally hesitate in regard to investments, which, in the course of a few years, may, by a fall in prices, be chargeable with a depreciation of 50 per cent or upward.

That investigation under such circumstances should reved any degree of national progress, and that the Treasury, taking into consideration the very considerable abatement of internal taxation at the last session of Congress, should continue to recieve a surplus of revenue, cannot be regarded as other than one of the most interesting facts connected with our financial and industrial history. At the same time the domand for heiget from the producing luterests of the country, both manufacturing and agricultural, is most urgent and general; and however it may have been heretofore, it is certain that at present in dany descriptions of manufacture, the internal

rates of taxation, superadded to the high prices paid for raw materials and for labor, sweep nearly all the profits into the coffers of the Government, and in many instances actually offers a bounty to the foreign competitor. In this matter the Commissioner wishes it to be understood that his statements are not based upon mere representations, but he has in repeated instances visited manufacturing establishments, and verified the truth of representations by carefully investigating the elements of the cost of production, from the purchase of the raw material up to the sale of the finished product.

sentations by carefully investigating the cast of production, from the purchase of the raw material up to the sale of the finished product.

A scarcity of labor, especially of skilled labor, in the country. The diversion from the Industries of the Northern States, consequent upon the war, is variously estimated at from \$50,000 to 750,000 men. It is not to be understood that these figures represent an absolute lose to the industry of the country, although such lose, from casualties and discusse incident to war, was undoubtedly very considerable; but the universal testimony of manufacturers is, that the operatives who entered the army from their establishments have not, as a general thins, returned to their old employments. In two instances, where a somewhat careful examination was made by the proprietors of manufacturing establishments in different sections of the country, the following results have been reported to the Commissioner: In the first instance, out of 127 men entering the army from an iron establishment in one of the Middle States, only 17 are known to the proprietors to have resumed their former occupations; and in the second instance, out of 18 leaving a manufactory in a New-England State, but two individuals are believed to have returned. Of this deficit, some have engaged in the cultivation of cotton, and in various other industrial pursuits, in the South; a much larger percentage have sought new homes and new employments at the extreme West, or on the Pacific coast, while others, taking advantage of the capital made available to their liftoffsh the payment of bountles and previous savings, have become principals rather than subordinates in business, or, in cases of persons of foreign birth, have returned to the countries of their mativities.

The continued rapid and disproportionate growth of nearly all large cities, as compared with the small increase of population in the rural districts, shows that speculation, and the profit obtainable by exchanging rather than by producing, offer greater ind

ince Paulic coast, while office distributions of the countries of the coun labor.

The opening up of many new employments to women, coupled with an increased prosperity of the agricultural classes, has also produced, in many sections of the country, an unusual scarcity of female operatives. This is particularly the case in the manufacturing districts of New-England, and has not been remedied by a large advance in wages. The average rate of wages paid to adult female operatives in New-England cotton mills is reported to be \$1 per day, while in cases of the more skilled operatives, earnings of from \$20 to \$50 and even \$40 per month, exclusive of board, are reported.

The volume of immigration now pouring into the country affords but little immediate relief to the acknowleged searcity of skilled labor, inasmuch as the bulk of it is purely agricultural, and seeks a home and employment in the extreme West. Owing to this immigration, however, and to the circumstance that agricultural labor has been supplemented and relieved by machinery to a greater extent than almost any other department of production, the interests of agriculture have suffered much less than those of manufactures and commerce. This statement finds a striking illustration in the fact that during the period of the war, notwithstanding the great draught from the agricultural States to the army, the harvest through the more extensive use of machinery, increased rather than diminished. Thus the State of lowa, which, out of a population in 1880, of \$75,000, hrmished to the army, from May, 1881, to the end of 1883, \$2,240 men, nevertheless increased her minuter of acres of improved land from \$3,45,000 in 1853. Again, in 1859, the amount of wheat raised in the State of Indiana, was 15,219,000 bashels, while in 1863, not withstanding the State, out of its population, in 1860, had farnished to the army more than 124,000 fighting men, the annual product of wheat exceeded 20,000,000 bushels.

SECOND CAUSE.

intion, in 1860, of .,350,000, had furnished to the army more than 124,000 fighting men, the annual product of wheat exceeded 20,000,000 bushels.

SECOND CAUSE.

The second cause to which the present inflation of prices may be attributed, is the adoption, on the part of the Government, as a measure of value, as a medium of exchange, and as a legal tender of an irredeemable paper currency. When we attribute to the paper currency of the United States an unhealthy influence on prices, it is, not because of its quality as money, but because, being inconvertible, it lacks the one essential characteristic of gold and silver money, which fits them to be a measure of values, namely, that they are the product of labor, and as such, that the supply of them is regulated by untural laws, while, on the contrary, the supply of legal tender money has depended only on the wants of the Government, and the activity of the printing press. The value of the one is an intrinsic property, based on the cost of its production; while the valuation set upon the other is a matter of purely arbitrary legislation.

As an illustration of the extent to which the country is taxed by the facilities which the present redundant currency affords to speculation, we have but to refer to the fact that, while the wheat crop of the country for the present season is fully up to the average in amount, and beyond the average in condition, and while the corn crop is estimated at the remarkable figure of \$80,00,000 off bushels, or 60 per cent in excess of the liberal crop of 1860—the population, in the mean time, having increased, according to the most liberal estimates, but 19 per cent—notwithstanding these facts, the quotations for flour in the City of New York on the last of October, 1866, were very considerably in advance of the present corners spending periods of any of the years from 1860 to 1863 inclusive.

A comprehensive survey of all the circumstances would give the measure of the influence of the present unre-

The third of the causes, and perhaps the most influential, to which the present inflation of prices may be attributed, is the extent of the burden of national

The whole amount of revenue raised by internal taxa-

taxation.

The whole amount of revenue raised by internal taxation during the fiscal year, ending June 30, 1886, was \$310,006,004 currency, and from customs \$170,046,030 gold. Reducing the customs receipts to currency the premium on gold being assumed at 49 per centl, we have as the total amount of revenue drawn from the country during the above year, by various forms of taxation, the sum of \$501,072,206 currency; which, with an assumed population of 35,000,000, is equivalent to \$16.04 currency, or \$11.26 in gold, per capita.

Assuming the value of the real and personal property of the United States to have increased since 1860, the date of the last census, sufficient to compensate for all the losses and depreciations growing out of the war, the ratio of taxation to property for the last fiscal year was three and ninety-three one hundredths (3.39) per cent. During the same year, the estimated ratio of taxation to property in Great Britain was nine-tenths of one per cent; or, in other words, if the ratio of taxation in Great Britain had been in 1865 the same as that now maintained in the United States, the amount derived from taxation in that country would have been \$1,424,184,804, in place of \$364,131,000.

Furthermore, it should be remembered that taxes in Great Britain are levied in such a manner as in the least possible degree to enhance prices—all of the ordinary forms and products of industry being exempt from faxation; while in the United States the exemption of any form of capital, or process or result of industry, is the exception rather than the rule. Thus, in Great Britain, out of a gross revenue in 1866 of \$354,131,000, 21.6 per cent was derived from the excise duties on the mannacture and sale of spiritous and fermented fluors and tobacco; while in the United States, during the corresponding fiscal year with at least double the consumption of spirits and tobacco), out of the gross revenue of \$661,572,266, the percentage of receipts from the same articles was only 5.56 per cent.

As a further illustr

the same State during the same year, \$2,205,243, was equal to 30 per cent on the whole capital employed, viz., \$10,067,374.

It must, therefore, be obvious, that a revenue system like the above necessarily involves a most extensive duplication of taxes, which in turn entails and maintains an undue enhancement of prices; a decrease both of production and consumption, and consequently of wealth; a restriction of experitation and of foreign commerce, and a large increase in the machinery and expense of collection. In view of these facts, furthermore, the Commissioner feels that he needs no apology for the protest made at the last seasion of Congress, and which he again renews, against the entertainment of propositions to pay at the present time, from the treasury of the nation, sums for bounties, varying from \$75,060,000 to \$300,000,000; especially in view of the fact that over \$585,000,000 have already been appropriated and expended by national, State and local authorities for this purpose.

REMEDY FOR THE FIRST CAUSE.

In respect to the first cause which has contributed to the inflation of prices, viz., scarcity of labor, it is not clear that legislation can be made available for relief, unlease by enactment of measures to stimulate and facilitate immigration. The evil growing out of this cause must in the course of time cure itself, and that it is already in the process of so doing is made evident by the adoption of the part of the state of an irredeemable paper currency—is to be found in a return to specie payments; while the agency through which we must seek for such a renedy can, in the main, be no other than contraction—contraction agency through which we must seek for such a renedy can, in the main, be no other than contraction—contraction of the industrial interests of the country, and of the public obligations.

The fellowing extract from *communication addressed to the Contraction of the industrial interests of the country, and of the public obligations.

carriest possible moment, compatible with the condition of the industrial interests of the country, and of the public obligations.

"The following extract from a communication addressed to the Commissioner, from one of the most htelligent agricultural writers of the country, living in western New-York, is significantly illustrative of this point:

"This state of things (the searcity of laber) has stimulated into great activity the untiring genius of the American mechanician to invent and introduce lobor-saring machinery, to must every exigency of the farmer, manufacturer, and mechanic; much of which has been invented within a few years, and the earlier specimens greatly improved.

"The reaper and mower have become 'institutions'—a necessity—and no farmer of any sanding impress their use. The machinery for raking and loading hay in the field and the unloading in the hara and on the stack, the potato digger, the core notice, the bean puller, the cultivator, the corn and bean planter and seed sower, thrashing machines, corn shellers, fauning milis, straw and root cutters, hay rakes, the dischers, i.e., Ac., though not all of recent introduction, have all been greatly simplified and improved; in abort every implement of farm husbacity from the hot to the reaper has undergoes various transformations for the better, dare the size change of the times, and almost every variety of farm and mechanical labor it new performed, or greatly assisted, by inert matter, that heretofore was a heavy tax on human mussic and since.

That judicious contraction, following a reduction of taxation, would prove detrimental to any producing interest, the Commissioner does not believe. The influence of such a policy, seasonably announced, would go before it, prices would fall in anticipation of a diminished supply of currency, and, with such a decline, the purchasing power of money would so increase as to keep the volume of circulating medium sufficiently ample to facilitate all needful and legitimate exchanges, and at the same time diminish the field of speculation.

Specie payments can be resumed in only one way, viz.: by lifting the paper money of the Government to an equality with gold; and as no one doubts, at the present, that behind every national promise to pay, there is both the national will and ability to to do, the enhancement of the credit of the Government, therefore, can but be regarded as an advinct to this end, and as entirely subordinate to the more important we keep of bringing the existing relations of rold and currer y into more harmonious proportions. I duce the quantity of any article in demand, and an inerese of value follows; reduce the quantity of paper mensy to be redeem, d, and the value of the remainder and he ability to be seem it will be increased in a geometrical proportion. In view, moreover, of the fact that no nation, issuing paper money has ever succeeded in maintaining its circulation at par, or has redeemed it dollar for dollar in gold; and also that the permanent use of paper money by the Government cannot be contemplated, what ever measures are now taken looking to the resumption of specie payments, should also look to the complete withdrawal of every form of national paper currency issued directly by the Treasury.

There meeds for the third cause to which we have attributed the present inflation of prices, viz.: the extent of the a tional taxation lies wholly within the control of the legislative department of the Government, and as regards application, admits of but little theoretical difference of opinio

In the department of the Tariff, the Commissioner further recommends the distinct recognition and adoption, as the basis of present and future legislation, of the principle of abuting the duty on raw malerals, to the lowest point consistent with the requirements of rovening and of placing upon the free list such raw materials, the product mainly of tropical countries, as are essential elements in great leading branches of manufacturing industry, and do not come in competition with any domestic products.

The THUE PROTECTION OF THE AMERICAN AGRICULTURIST. If this principle should seem to militate against the agricultural interest, which, in point of numbers engaged and capital invested, is the great interest of the country, and as such has a right to demand precedence in protective legislation, we reply that our whole malional experence proves that there can be no practical protection to the American agriculturist except what he receives from the existence and extension of American manufactures. Out of the 100,000,000 pounds of wool now grown annually in the United States, not one single pound, under ordinary circumstances, can be sold at a profit in any foreign market, while the statistics of prices for the 30 years prior to 1802 show, beyond a question, that the periods when the wool-growers of the United States and of France alike received the maximum price for their products have been coincident with those in which the manufacturers of both fountries have been least interfered with in the selection of their raw materials. Flax, in the flax-growing districts of New York, was formerly of slow sale at a low price, when flax manufactories came to be established in these same districts, the price, with quick demand, rose nearly 100 per cent, although the tariff during the same period of New York, was formerly of slow sale at a low price, when flax manufacturers of oil and enameled cloths, of engaged to the private part of the product of checking the provinces of the nearly although the tariff during the same peri

from Western France and the Sandwich Islands—the Commissioner is entirely unable to perceive it.

As a further illustration of the principle which we have laid down, that the true and only protection of the American agriculturist is to be found in the existence and extension of American manufactures, we present the following statements:

The wheat crop of the United States for 1865, according to the estimates of the Agricultural Bureau, was 148,522,827 bushels, and the corn crop 704,427,833 bushels. Of this quantity there were exported to Great Britain and entered for British consumption 1,183,689 cwt. 2,299,552 bushels), as compared with 19,995,491 cwt. (2,799,552 bushels), as compared with 19,995,491 cwt. (2,799,552 bushels) imported into Great Britain from all other countries; while of 3,832,788 cwt. of wheat flour imported into Great Britain, only 262,876 cwt. were received from the United States? On the other hand New-England and New-York alone, in 1860, fequited twenty-six millions of bushels of wheat in addition to their own production, to make up their consumption; while of the value of the whole agricultival products of the country, for the same year, including hay, butter, wine, potatoes, tobacco, hemp and wool, as well as grain, but excluding cotton, rice and sugar, only two and three-fourths per cent was estimated to have been exported, leaving 97 and one-fourth per cent for the home market and consumption.

The great want of the Western agriculturist is a remunicality and certain market for his surplus products; and this want is likely to increase rather than diminish. Experience has shown that this surplus cannot, in its code condition, find any sufficient quite in foreign markets amount necessary to make up her annual would in a fow the United States, the American surplus cannot, in the own manufacturer placed in a condition in which he could

* The receipts of the Treasury, from all sources, of the first five months of the present facal year, July lat to December 1st, 1500, were as follows: Internal Revenue, 1540-58, 715 73 carrener; extenses (actual and estimated) 20,054,772 25 cell punking a total (reducing gold at forty per cont program to correct.

compete in foreign markets for the salved even a modernte percentage of his product, the subcratation of agrithe labor of American operatives would be prueficially uplimited. The securing of similar results constitutes a leading feature in the commorcial policy in most of the European States, such an ammindative of a constitute of the European States, such an ammindative of contrary, the European States, such an ammindative of current financial prospectly. In the United States, on the contrary, the public in general regard this matter with feelings salin to indifference, while legislation, made more dependent of the foreign but also of the home market. Two illustrations on this point are most significant. Ten years ago the American markets of the supplies comparatively nose. Why? Because the duty on foreign fur, the raw material of his manufacture, has purplete comparatively nose. Why? Because the duty on foreign fur, the raw material of his manufacture, has prevented the American from competing with the foreign clear that the supplies comparatively nose. Why? Because the duty of foreign fur, the raw material of his manufacture, has prevented the American from competing with the foreign clear that the supplies comparatively nose. Why? Because the duty of foreign fur, the raw material of his manufacture, has prevented the American from competing with the foreign clear that the supplies of the United States and the supplies of the supplies of the supplies of the product of the whole woolen business of the United States and the supplies of the product of the whole woolen business of the United States and the supplies of the product of the whole woolen business of the United States and the supplies of the product of the woolen business of the United States and the supplies of the

Total dutiable goods \$368,508,081
Amount of duties received 179,046,639
Percentage of duties to dutiable imports 48.58 per cent.

At the same time, in view of the very decided expression of opinion in respect to the tariff, by the House of Representatives at its last session, which the Commissioner feels that he has no right to disregard; and in view, further, of the fact, that during the present transition state of the national finances consequent upon funding, and upon the adoption of measures looking to the resumption of specie payments, the industry of the country is threatened with disturbances for which the manufacturers and producers ought not to be held responsible, an increase of the tariff, on some articles, as a measure of temporary expediency, is also recommended. Such an increase, in the opinion of the Commissioner, should, however, be extremely moderate, and should have regard, first, to the interests of the revenue; and, secondly, to the supplying of such deficiencies in the existing tariff as are due especially to a want of proper adjustment between the rates of imposts and those of the internal revenue; or, to a failure heretofore, to sufficiently recognize the relation that exists between the market value of certain articles and the cost of the labor entering into their production.

As respects the House Bill No. 718, now before the Sen-

reinton that exists between the market value of certain articles and the cost of the labor entering into their production.

As respects the House Bill No. 718, now before the Senate, the Commissioner respectfully asks of Congress its reconsideration—inasmuch as he believes it to be exorbitant in its rates, tending to furt. r inflation of prices, destructive of revenue and of what little of foreign commerce yet remains, and prejudicial to the general interests of the country. And in confirmation of these conclusions, he would add that admissions have been made to him by representatives of many of the producing interests of the country likely to be affected by this bill, that the rates of duty imposed by it are higher than are necessary for the adequate protection of their interests. In conformity with the principles adopted in this report, and in accordance with the instructions of the Secretary of the Treasury before cited, the Commissioner herewith presents the form of a bill, designed to be sufficiently comprehensive and complete to allow, if adopted by Congress, of the repeal of all the numerous and complicated laws under which rates of duty on imports are now levied and collected.

1848, COFFEE, SUGARS, SPICES, WINES, LIQUORS, CRARS AND TOBACCO.

In entering upon a revision of the tariff, the first con-

now levied and collected.

IEAS, COFFEE, SUGARS, SPICES, WINES, LIQUORS, CEARS

AND TOBACCO.

In entering upon a revision of the tariff, the first consideration of importance at the present time server to recompilish this, it is necessary to select eritain articles of extensive and regular importanted and consumption, of standard prices, and not easily smuggled, which, of standard prices, and not easily smuggled, which, through the duties imposed on the standard prices, and not easily smuggled, which, of standard prices, and not easily smuggled, which, through the duties imposed on the standard prices, and not easily smuggled, which, through the duties imposed on the standard prices, and not easily smuggled, which, through the continue perfected, and the expertence, and the expertence of of other countries, have offee, sugars, spices, wines those conditions, are teamst four of these classes of and liquors. From the restinates that the revenue is articles, the Commission to the reate of from the rates of duty too per annum—the current importants, too, oo to see potion being in advance of the estimates thous and consequence Commission in their Report of made by the standard commission in their Report of made by the standard consequence of the country, maining wholly specific, are collected without delay and with little trouble. It is not probable, moreover, that are revenue on these articles is evaded by smuggling to any great extent, while under-valuation is impossible. Being, furthermore, of almost universal consumption, the duties levied upon them are very uniformly distributed, and tall upon the consumer in small amounts at any one time: while, as they cannot be considered necessaries of life in a sense so absolute as breadstuffs and clothing, the payment of the tax, through their use, is, in a great measure, voluntary.

That the present tax on tea and coffee is not regarded by the community as a burden, is, we believe, clearly proved by the community as a burden, is, we believe, clearly proved by the communi

rapidly since the present system of national taxation was adopted, than that of any other article on the whole had of assessments. The Commissioner, therefore, earnestly recommends that no change be made in the existing rate of duty on tea and coffee.

For similar reasons the Commissioner would also recommend that no material change be made in the present rates of duty on spices.

In respect to sugars some slight alteration in the existing rates of duty may be necessary. During the last few years, such extensive improvements have been made in machinery and processes for the manufacture of sugar from the came, that an improved article can be produced at a much less cost than formerly.

This improved product of foreign sugar can now be entered at a duty which is not equivalent to, and does not compensate for the aggregate taxes (tariff and internal revenue) paid by the refiners on a lower grade of sugar and on their products. The law, as it stands, therefore, offers, in fact, a bounty to the foreign producer in competing with the American retiner, and threatens to destroy the prosperity of the great industry of sugar-refining in the United States.

In respect to the tariff on spirituous liquors, the main question to be determined is, what rates will prove most productive of revenue—it being, it is assumed, a settled principal of our revenue system, that the faxation on articles of this character is to be limited only by the consideration above stated.

On brandies and spirituous liquors, other than wines the returns of importations for the year 1865, apparently indicated that the existing rates of duties were all but prohibitory; the importations of brandy into the port of New-York for the first ten months of 1865, having been only 4,376 puckages die, e, 789 half-pipes, 2,313 quarter-cash and barrele, and 1,274 cases). For the corresponding period of 1866, however, the importations of brandy into the port of the same port are returned at 2,045 packages (i. e., 725 half-pipes, 15,062 quarter-casks and barrele, and

thus showing a large increase in quantity as well as in revenue.

The returns of importations of spirituous liquers, distilled from grain, for the first ten months of 1865, also show an increase of 3800 per cent over those of the corresponding period of 1865. As the present rate of duty imposed on "gins" and other spirituous liquors distilled from grain is, however, greatly disproportionate to their invoiced volue, the Commissioner is of opinion that a reduction of the duty on these liquors from \$2.50 (gold) to \$2 per gallon, would be attended with an increase of revenue. The total amount of revenue derived from the importa-

duction of the duty on these liquous from \$2.00 (gold) is

\$2 per gallon, would be attended with an increase of revenue.

The total amount of revenue derived from the importations of brandles and spirituous liquous, other than wise, during the fiscal year 1865, according to the returns of the Treasury Department, was \$1,04,219. The amount of revenue derived from the same sources in Great Britain during the year 1855, with about the same rates of duty, was returned at \$17,536,750.

On whee, the Commissioner recommends that the advalorem system be swept away at once and forever—its adoption having proved detrimental to all legituate business, destructive of revenue, and an endless source of litigation between the Government and the importers. The ad valorem principle being abandoned, only two other methods of assessing duties upon wines are available. First, the English method of assessing the duty according to the percentage of spirits contained in them; and, secondly, the establishment of one specific duty per gallon upon all wines, irrespective of value. Pending as opportunity for a careful examination into the merits of the first method, the Commissioner would recommend the adoption of the second; and that the rate be made specific at 50 cents per gallon. On whise in bottles, this duty, by the imposition of 3 cents additional on the bottle, would be increased to 55 cents per gallon.

The tariff rates established on cigars by the act of July 25, 1865, are almost prohibitory, and on some varieties are returned by o, resulting in a considerable loss of customs revenue to the Government. In view, however, of the very full examination and discussion of ho tariff occupants, given by Concress and its Committees, at the last session, and in view of the fact that the domostic obsacco interest is almost unanimous in favor of the continuance of the present rates, the Commissioner, that at his case upon manufactures of cotton, and of their relative proportion to the internal taxes, and it is believed that nematerial chan

Number of Yorks to Order of Yorks of Yo 1 AND 2.

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